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Proposed Counsel for Debtor-in-Possession  
Shields Nursing Centers, Inc.

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION

In re:

Shields Nursing Centers, Inc.,

Debtor-in-Possession.

CASE NO.: 23-bk-41201 CN 11

Chapter 11

**DEBTOR'S EMERGENCY MOTION  
PURSUANT TO SECTION 363(c) OF  
THE BANKRUPTCY CODE AND  
RULE 4001(b) OF THE FEDERAL  
RULES OF BANKRUPTCY  
PROCEDURE FOR ORDER  
AUTHORIZING USE OF CASH  
COLLATERAL; MEMORANDUM OF  
POINTS AND AUTHORITIES;  
STATEMENT REGARDING CASH  
COLLATERAL; DECLARATION OF  
WILLIAM M. SHIELDS JR. IN  
SUPPORT THEREOF**

Date: September 25, 2023

Time: 2:00 p.m.

Place: U.S. Bankruptcy Court  
Courtroom 215  
1300 Clay Street  
Oakland, CA 94612

**TO THE HONORABLE CHARLES NOVACK, THE UNITED STATES  
BANKRUPTCY JUDGE; THE OFFICE OF THE UNITED STATES TRUSTEE;**

1 **SECURED CREDITORS; TWENTY LARGEST UNSECURED CREDITORS,**  
2 **AND PARTIES ENTITLED TO NOTICE:**

3 **EMERGENCY MOTION**

4 Pursuant to Section 363 of the Bankruptcy Code, Shields Nursing Centers, Inc.,  
5 the debtor and debtor in possession in the above-captioned case ("Debtor"), moves, on an  
6 emergency basis, for an order authorizing the Debtor to use cash collateral of the secured  
7 creditors identified on Schedule D which is attached to this motion as Exhibit-3.  
8 (collectively referred to as the "Secured Creditors").

9 The Debtor commenced its Chapter 11 bankruptcy case on September 20, 2023  
10 (the "Petition Date"). The Debtor has one prior chapter 11 bankruptcy case filed on May  
11 30, 2012 in the Northern District Bankruptcy Court, Case No.: 12-44638, in which case  
12 the Debtor was able to confirm a reorganization plan on April 16, 2014.

13 The Debtor was formed in November 1978 and operates a post-acute skilled  
14 nursing facilities in Richmond, California and El Cerrito, California, and serving the  
15 Contra Costa and surrounding counties. The locations for the nursing facilities are 1919  
16 Cutting Blvd., Richmond, California 94804 ("Richmond") and 3230 Carlson Blvd., El  
17 Cerrito, California 94530 ("El Cerrito").

18 The total capacity for the two facilities combined is 125 beds, with 94 beds being  
19 currently occupied. Both facilities have a five-star rating. The Debtor services patients  
20 with all types of acute diagnosis, including but not limited to extensive rehabilitation to  
21 long-term dementia, and with a specialty in healing difficult wounds. About 90% percent  
22 of Debtor's revenue is generated by Federal and State contracts (Medicare and Medi-  
23 Cal).

24 In the Richmond location, the Debtor has 83 beds, and at present time, 59 beds are  
25 occupied. The El Cerrito location has a capacity of 42 beds and currently 35 beds are  
26  
27  
28

1 occupied. The employees include physicians, nurses, therapists, psychologists, dietitians,  
2 and social service personnel.

3 The services performed by the employees include administering medications,  
4 helping patients with mobility and transfers, changing wound dressings, communicating  
5 with doctors and other healthcare providers, offering physical, occupational and speech  
6 therapies to improve patients' strength, coordination, balance, and communication  
7 abilities. The social workers employed by the Debtor provide emotional support to  
8 patients and their families, help coordinate post-discharge care, and connect the patients  
9 with community resources. The administrative staff handles scheduling and billing,  
10 maintains medical records, and assists with other logistic tasks. The goal is to help the  
11 patients recover from illness, injury or surgery and prepare them for a safe return to home  
12 or to a long-term care facility.

13  
14 In order to effectively reorganize, Debtor must be able to use the cash collateral of  
15 its Secured Creditors in order to pay the reasonable expenses it incurs during the ordinary  
16 course of its business. The Debtor requests authority from this Court to approve use of  
17 cash collateral to pay the ordinary and necessary expenses as set forth in the attached  
18 cash collateral budget, and incorporated herein as **Exhibit "1"** to continue its business  
19 without any interruption. Use of the cash collateral as proposed by the Debtor will allow  
20 the Debtor to continue doing business, preserve the Debtor's assets for the benefit of the  
21 estate and the creditors, specifically the Secured Creditors. The Debtor has a reasonable  
22 prospect of reorganization through Chapter 11. The continued use of cash collateral to  
23 ensure no interruption of Debtor's business will further allow Debtor to emerge as a  
24 reorganized Debtor.

25 The relief sought in the Motion is based upon the Motion, the attached  
26 Memorandum of Points and Authorities, and declaration of William M. Shields Jr.,  
27 concurrently with this motion. The relief sought in the Motion is also based on the  
28

1 statements, arguments, and representations of counsel to be made at the hearing on the  
2 Motion, and any other evidence properly presented to the Court at or prior to the hearing  
3 on the Motion.

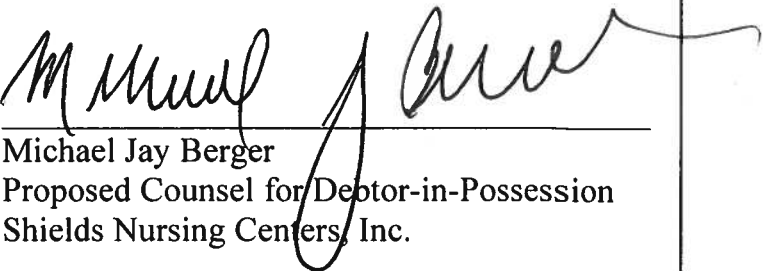
4 **FOR THESE REASONS**, the Debtor respectfully requests that the Court enter an  
5 order:

- 6 1. Granting the Motion;
- 7 2. Authorizing the Debtor's use of cash collateral pursuant to 11 U.S.C. §  
8 363(c)(2)(B) and (c)(3) and Rule 4001(b)(2) of the Federal Rules of  
9 Bankruptcy Procedure; and
- 10 3. Granting such other relief as the Court deems just and proper.

11  
12 LAW OFFICES OF MICHAEL JAY BERGER

13  
14  
15 Dated: 9/21/2023

By:

  
Michael Jay Berger  
Proposed Counsel for Debtor-in-Possession  
Shields Nursing Centers, Inc.

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Debtor seeks this Court's authority for use of cash collateral of the Secured  
4 Creditors, in order to pay the necessary and ordinary expenses of the Debtor's business  
5 operation as described in full detail are attached to the Declaration of William M. Shields  
6 Jr., as **Exhibit-1**.

7 **II. JURISDICTION AND VENUE**

8 This Court has jurisdiction over the subject matter of this motion (the "Motion")  
9 pursuant to 28 U.S.C. §§ 157 and 1334, the Order Referring Bankruptcy Cases and  
10 Proceedings to Bankruptcy Judges, General Order 24 (N.D. Cal. Feb. 22, 2016), and Rule  
11 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the  
12 Northern District of California (the "Bankruptcy Local Rules"). Venue is proper in this  
13 Court pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding under 28  
14 U.S.C. § 157(b). The Debtor consents to the entry by the Court of a final order with  
15 respect to this Motion.  
16

17 **III. INTRODUCTORY STATEMENT**

18 **A. General Background**

19 On September 20, 2023 (the "Petition Date"), the Debtor commenced the Chapter  
20 11 Case by filing a voluntary petition under chapter 11 of the Bankruptcy Code. The  
21 Debtor continues to operate its business and manage its property as a debtor in possession  
22 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No official committee of  
23 unsecured creditors has been appointed in the Case.

24 The Debtor was formed in November 1978 and operates a post-acute skilled  
25 nursing facilities in Richmond, California and El Cerrito, California, and serving the  
26 Contra Costa and surrounding counties. The total capacity for the two facilities combined  
27 is 125 beds, with 94 beds being currently occupied. Both facilities have a five-star rating.  
28

1 The Debtor services patients with all types of acute diagnosis, including but not limited to  
2 extensive rehabilitation to long-term dementia, and with a specialty in healing difficult  
3 wounds. About 90% percent of Debtor's revenue is generated by Federal and State  
4 contracts (Medicare and Medi-Cal).

5 In the Richmond location, the Debtor has 83 beds, and at present time, 59 beds are  
6 occupied. The El Cerrito location has a capacity of 42 beds and currently 35 beds are  
7 occupied. The employees include physicians, nurses, therapists, psychologists, dietitians,  
8 and social service personnel.

9 The services performed by the employees include administering medications,  
10 helping patients with mobility and transfers, changing wound dressings, communicating  
11 with doctors and other healthcare providers, offering physical, occupational and speech  
12 therapies to improve patients' strength, coordination, balance, and communication  
13 abilities. The social workers employed by the Debtor provide emotional support to  
14 patients and their families, help coordinate post-discharge care, and connect the patients  
15 with community resources. The administrative staff handles scheduling and billing,  
16 maintains medical records, and assists with other logistic tasks. The goal is to help the  
17 patients recover from illness, injury or surgery and prepare them for a safe return to home  
18 or to a long-term care facility.

19  
20 B. Debtor's Need for the Use of Cash Collateral and Affected Parties

21 The Debtor has determined that absent the use of cash collateral, it will be unable  
22 to operate its business during the Chapter 11 Case, irreparably harming the Debtor's  
23 estate and creditors. If the Debtor is unable, on a consistent basis, to maintain its business  
24 and provide the medical care services to its patients, the Debtor will not be able to run its  
25 business, will lose the existing patients, employees, vendors, the leases for both the  
26 Richmond and El Cerrito locations, and will ultimately be forced to cease operations.  
27 This will cause harm to the Debtor, but also to its patients who need 24/7 health care  
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1 services which the Debtor can only provide if its business model is not interrupted due to  
2 delay in having access to the cash collateral to pay the necessary every day operating  
3 expenses. Furthermore, lack of use of cash collateral will harm the creditors of the estate  
4 because if the business ceases its operation, no revenue will be coming in to support the  
5 plan payments to be proposed through a plan of reorganization. Therefore, the Debtor's  
6 access to cash collateral is necessary to preserve and maximize the value of its assets for  
7 the benefit of all parties in interest. Thus, the use of cash collateral is essential to Debtor's  
8 continued ability to operate and provide proper service to its clients until consummation  
9 of a plan.

10 The Secured Creditors effected by Debtor's proposed use of cash collateral are as  
11 follows in the order of priority of UCC filings:

- 12 1. EDD: \$194.32; UCC filed on 2/17/2017
- 13 2. IRS: \$1,882,355.99; Federal Tax Lien filed on 8/22/2018
- 14 3. IRS: \$851,339.40; Federal Tax Lien filed on 8/22/2018
- 15 4. IRS: \$181,502.12; Federal Tax Lien filed on 12/17/2018
- 16 5. CT Corporation, as representative; UCC filed on 3/20/2019; the secured creditor's  
17 name and amount are unknown at this time; Debtor will amend its schedules.
- 18 6. IRS: \$95,794.32; Federal Tax Lien filed on 6/13/2019
- 19 7. CT Corporation, as representative; UCC filed on 8/2/201; the secured creditor's  
20 name and amount are unknown at this time; Debtor will amend its schedules.
- 21 8. CT Corporation, as representative; UCC filed on 12/11/2019; the secured  
22 creditor's name and amount are unknown at this time; Debtor will amend its  
23 schedules.
- 24 9. U.S. Small Business Administration: \$2,000,000.00; filed on 5/23/2020
- 25 10. CT Corporation, as representative; UCC filed on 10/24/2022; the secured  
26 creditor's name and amount are unknown at this time; Debtor will amend its  
27 schedules.
- 28

1 11. First Corporate Solutions, as representative; UCC filed on 12/27/2022; the  
2 secured creditor's name and amount are unknown at this time; Debtor will amend  
3 its schedules.

4 12. BizFund LLC: \$400,000.00; UCC filed on 3/10/2023

5 13. UFS West LLC; \$200,000.00; UCC filed on 5/2/2023

6 (Collectively the "Secured Creditors").

7 A true and correct copy of Debtor's Schedules D indicating the priority and  
8 classification of the Secured Creditors is attached to the Declaration of William M.  
9 Shields Jr. as Exhibit – 3.

10 The Debtor seeks permission to use cash collateral, in accordance with the six (6)  
11 month budget ("Budget") attached as Exhibit-1, to pay various items in the ordinary  
12 course of business and as authorized by the Court, including payroll, utilities, taxes, rent,  
13 and other expenses necessary for the business operation. In addition, the Debtor requires  
14 the use of cash collateral to retain and pay costs of professionals, US Trustee Quarterly  
15 Fees, accounting fees who will enable the Debtor to reorganize its business. Taken  
16 together, the services provided by all of the foregoing parties and other entities are  
17 critical to the preservation of the Debtor's business and asset value.

18 Debtor's Schedule A/B estimated the assets at \$1,726,970.40. A true and correct  
19 copy of Schedule A/B filed with the court is attached hereto as Exhibit-2. Based on the  
20 value of Debtor's assets, the Debtor at this time is offering to make monthly adequate  
21 protection payments to the first position secured creditor, the Internal Revenue Service, in  
22 the amount of \$7,500.00 per month. Debtor believes that all the Secured Creditors are  
23 adequately protected by the ongoing business operations and the income to be generated  
24 throughout the pendency of Debtor's bankruptcy case, and the granting of a replacement  
25 lien to the extent of any diminution in value of collateral as a result of the Debtor's use of  
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1 cash collateral. The replacement lien would be on all post-petition assets in the same  
2 priority and to the same extent and validity as the Secured Creditors asserted pre-petition.

3 The Debtor reasonably believes that the Budget will be adequate, considering all  
4 available assets, to pay all administrative expenses due or accruing during the period  
5 covered by the Budget. Without use of cash collateral, the Debtor would suffer  
6 immediate and irreparable harm and the entire bankruptcy proceeding will be jeopardized  
7 to the significant detriment of the Debtor's estate and its creditors. At a minimum, the  
8 Debtor's inability to use cash collateral would disrupt Debtor's operations as a going  
9 concern, would eliminate or significantly decrease the possibility of confirmation of a  
10 plan of reorganization, and would otherwise not be in the best interests of the Debtor, its  
11 estate, or creditors.

12 Access to existing cash collateral will provide the Debtor with the liquidity  
13 necessary to ensure that the Debtor has sufficient working capital and liquidity to operate  
14 its business and preserve and maintain the value of the Debtor's estates. Without access  
15 to such liquidity, the Debtor and its estate will face irreparable harm.

#### 17 **IV. THE DEBTOR SHOULD BE PERMITTED TO USE CASH** 18 **COLLATERAL**

##### 19 **A. The Relief Requested Is Authorized by 11 U.S.C. § 363**

20 Section 363 of the Bankruptcy Code, made pertinent to this case by 11 U.S.C. §  
21 1107, governs a debtor-in-possession's use of property of an estate. Section 363(c)(1)  
22 provides in pertinent part that:

23 If the business of the debtor is authorized to be operated under section 721,  
24 ...of this title and unless the court orders otherwise, the [debtor-in- possession]  
25 may enter into transactions, including the sale or lease of property of the estate, in  
26 the ordinary course of business, without notice or a hearing, and may use property  
27 of the estate in the ordinary course of business without notice or a hearing.  
28

1 11 U.S.C. § 363(c)(1).

2 Section 363(c)(2) establishes a special requirement with respect to “cash  
3 collateral”, by providing that a debtor-in-possession may not use, sell or lease “cash  
4 collateral” under subsection (c)(1) unless (i) such entity that has an interest in such  
5 collateral consents or (ii) the court, after notice and a hearing, authorizes such use, sale or  
6 lease.

7 “Cash collateral” is defined by the Code as follows:

8 [C]ash, negotiable instruments, documents of title, securities, deposit  
9 accounts, or other cash equivalents whenever acquired in which the estate  
10 and an entity other than the estate have an interest and includes the  
11 proceeds, products, offspring, rents, or profits of property and the fees,  
12 charges, accounts or other payments for the use or occupancy of rooms and  
13 other public facilities in hotels, motels, or other lodging properties subject  
14 to a security interest as provided in section 552(b) of this title, whether  
15 existing before or after the commencement of a  
16 case under this title.  
17

18 11 U.S.C. § 363(a).

19 The definition of “cash collateral” set forth in Section 363(a) refers to Section  
20 552(b) of the Code, which provides:

21 Except as provided in sections 363, 506(c), 522, 544, 545, 547 and 548 of  
22 this title, if the debtor and an entity entered into a security agreement before  
23 the commencement of the case and if the security interest created by such  
24 security agreement extends to property of the debtor acquired before the  
25 commencement of the case and to proceeds, products, offspring, rents, or  
26 profits of such property, then such security interest extends to such  
27 proceeds, products, offspring, rents or profits acquired by the estate after  
28

1 the commencement of the case to the extent provided by such security  
2 agreement and by applicable non-bankruptcy law, except to the extent that  
3 the court, after notice and a hearing and based on the equities of the case,  
4 orders otherwise.

5 11 U.S.C. § 552(b)(1).

6 It is universally acknowledged that the debtor's cash "is the life blood of the  
7 business" and the bankruptcy court must assure that such life's blood "is available for use  
8 even if to a limited extent." *In re Mickler*, 9 B.R. 121, 123 (Bankr. M.D. Fla. 1981).  
9 Courts typically authorize a debtor-in-possession to use cash collateral to continue its  
10 business operations so long as the interests asserted by affected creditors in such cash are  
11 adequately protected.

12 As this Motion and the declarations in support of this Motion demonstrate, the  
13 standards for authorizing the Debtor to utilize cash collateral are satisfied in this case  
14 because the ongoing operations will preserve the value of the Debtor's businesses as a  
15 going concern.

16 For the present, the Debtor is offering to make monthly adequate protection  
17 payments to the Internal Revenue Service in the amount of \$7,500.00. Debtor believes  
18 the Secured Creditors are adequately protected by the ongoing business operations and  
19 the income to be generated throughout the pendency of Debtor's bankruptcy case, and the  
20 granting of a replacement lien to the extent of any diminution in value of collateral as a  
21 result of the Debtor's use of cash collateral. The replacement lien would be on all post-  
22 petition assets in the same priority and to the same extent and validity as the Secured  
23 Creditors asserted pre-petition.

24 In the case at bar, the Court should allow the use of cash collateral because the  
25 interests of the Secured Creditors are adequately protected. Section 361 of the  
26 Bankruptcy Code provides a non-exclusive list of ways to provide adequate protection,  
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1 including periodic cash payments, the grant of liens on new collateral, and replacement  
2 liens. 11 U.S.C. §361. What constitutes adequate protection must be decided on a case-  
3 by- case basis. *In re O'Connor*, 808 F.2d 1393, 1396 (10th Cir. 1987). The focus of the  
4 adequate protection requirement is to protect a secured creditor from diminution in the  
5 value of its interest in the collateral during the period of use. *In re Swedeland Dev.*  
6 *Group, Inc.*, 16 F.3d 552, 564 (3rd Cir. 1994).

7         The Debtor submits that the proposed adequate protection is appropriate and  
8 sufficient to protect the Secured Creditors from any diminution in value of their  
9 collateral. The cash collateral will be used for funding business operations and allowing  
10 the Debtor to transition into the Chapter 11 Case. Immediate access to this liquidity will  
11 permit the Debtor to fund payroll, pay tax obligations, insurance, vendors, utilities, and  
12 otherwise continue business in the ordinary course. If Cash Collateral is not available, the  
13 Debtor's business will dissipate value to the detriment of the Secured Creditors, and other  
14 stakeholders, including the Debtor's patients. Thus, the use of cash collateral will protect  
15 the Secured Creditors' security interests by preserving the value of the Collateral. See *In*  
16 *re Salem Plaza Assocs.*, 135 B.R. 753, 758 (Bankr. S.D.N.Y. 1992) (holding that a  
17 debtor's use of cash collateral to pay operating expenses, thereby "preserv[ing] the base  
18 that generates the income stream," provided adequate protection to the secured creditor).  
19 See also *Save Power Ltd. v. Pursuit Athletic Footwear, Inc. (In re Pursuit Athletic*  
20 *Footwear, Inc.)*, 193 B.R. 713, 716 (Bankr. D. Del. 1996); *In re 499 W. Warren St.*  
21 *Assocs., Ltd. P'ship*, 142 B.R. 53, 56 (Bankr. N.D.N.Y. 1992).

22         A debtor-in-possession's authority to use cash collateral is typically conditioned on  
23 providing "adequate protection" to entities that assert an interest in such cash. 11 U.S.C.  
24 § 361. Although the term "adequate protection" is not defined in the Bankruptcy Code,  
25 Section 361 provides the following three non-exclusive examples of what may constitute  
26 adequate protection:  
27  
28

- (1) requiring the [debtor-in-possession] to make a cash payment or periodic cash payments to such entity, to the extent that the ...use...under section 363 of this title ...results in a decrease in the value of such entity's interest in such property.
- (2) providing to such entity an additional or replacement lien to the extent that such ...use ...results in a decrease in the value of such entity's interest in such property;
- or
- (3) granting such other relief ...as will result in the realization by such entity of the indubitable equivalent of such entity's interest in such property.

11 U.S.C. § 361

Neither Section 361 nor any other provision of the Code defines the nature and extent of "interest in property" of which a secured creditor is entitled to adequate protection under Section 363. However, the statute plainly provides that a qualifying interest demands protection only to the extent that the use of the creditor's collateral will result in a decrease in "the value of such entity's interest in such property". *United Savings Ass'n of Texas v. Timbers of Inwood Forest Assocs., Ltd.*, 484 U.S. 365, 108 S. Ct. 626, 98 L. Ed. 2d 740 (1988).

Timbers teaches that secured creditors are entitled to "adequate protection" only against the diminution in their interest in asserted collateral by reason of the use of cash collateral. Where the value of the Secured Creditors collateral is not diminishing by the Debtor's use, sale, or lease, it follows that Lenders' interests in cash collateral is adequately protected.<sup>1</sup> In *In re McCombs Props. VI, Ltd.*, 88 B.R. 261 (Bankr. C.D. Cal. 1988), the court applied the foregoing straightforward interpretation of Timbers in ruling

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<sup>1</sup> In *In re Alyucan Interstate Corp.*, 12 B.R. 803 (Bankr. D. Utah 1981), the court ruled that an equity cushion is not a requirement of adequate protection because a secured creditor is only entitled to protection against a decline in the value of its lien. The court reasoned that Section 361 speaks not in terms of preserving equity, but in terms of compensating for any "decrease in the value of [an] interest in property". *Id.*, at 803. The Supreme Court's decision in *Timbers* confirms the interpretation of Section 361.

1 that a secured creditor's interest in the cash and proceeds derived from a debtor's  
2 operations was adequately protected where the value of the collateral was not declining  
3 during the pendency of the bankruptcy case. On the nature of the protection required, the  
4 court noted:

5           The analysis of the Supreme Court in *Timbers* is instructive here. The  
6 phrase "interest in property" in § 363 means the value of the collateral. That  
7 is the interest that I am required to protect. If that value is likely to diminish  
8 during the time of the use, adequate protection must be provided by the  
9 debtor. As the Supreme Court stated in *Timbers*, thus, it is agreed if the  
10 apartment project in this case had been declining in value petitioner would  
11 have been entitled, under § 362(d)(1) to cash payments or additional  
12 security in the amount of the decline, as § 361 describes.

13  
14 *Id.*, at 266 (quotations omitted).

15           Similarly, in *In re Forest Ridge, II, Ltd. Partnership*, 116 B.R. 937 (Bankr.  
16 W.D.N.C. 1990), the court ordered that no adequate protection payments were required,  
17 because the property in question was not decreasing in value. See also *In re Megan-*  
18 *Racine Assocs., Inc.*, 202 B.R. 660 (Bankr. N.D.N.Y. 1996) (stating that adequate  
19 protection is intended to compensate a creditor for any decrease in the value of its  
20 security interest in collateral during the pendency of a debtor's reorganization); *In re*  
21 *Gallegos Research Corp.*, 193 B.R. 577 (Bankr. D. Colo. 1995).

22           Applying the foregoing authorities to the instant case, the Secured Creditors are  
23 entitled to protection only against the decline in value of its interests in the collateral  
24 which secures their claims. The Debtor's nursing care centers are projected to increase in  
25 value over the next several years and thus the continuing operation of the Debtor is  
26 adequate protection of the Secured Creditors.



1 In light of the foregoing, the Debtor submits that the proposed adequate protection  
2 to be provided is appropriate and necessary to protect the Secured Creditors against any  
3 diminution in value and is also fair and appropriate under the circumstances of this case  
4 and to ensure that the Debtor is able to continue using cash collateral in the near term, for  
5 the benefit of all parties in interest and its estate. In order to avoid immediate and  
6 irreparable harm and prejudice to the Debtor, its estate and all parties in interest, the  
7 Debtor requests that the Court authorize the Debtor to use cash collateral.

8 **B. Emergency Authority To Use Cash Collateral Is Warranted Under 11 U.S.C.**  
9 **§ 363(c)(3) And Rule 4001(B) To Allow The Debtor To Operate Its Business**

10 The Debtor has requested an emergency hearing to consider the relief requested in  
11 this Motion. Section 363(c)(3) and Rule 4001(b)(2) require the Court to schedule a cash  
12 collateral hearing in accordance with the needs of the Debtor and conduct a preliminary  
13 hearing for the purpose of authorizing the use of cash collateral to the extent necessary to  
14 avoid irreparable harm to the Debtor. Section 363(c)(3) mandates that “[a]ny hearing [on  
15 the use of cash collateral] ...shall be scheduled in accordance with the needs of the  
16 debtor”. The Ninth Circuit has recognized that emergency relief is often crucial to the  
17 success of a corporate reorganization:

18 We realize that “in certain circumstances, the entire reorganization  
19 effort may be thwarted if emergency relief is withheld” and that  
20 reorganization under the Bankruptcy Code “is a perilous process, seldom more so  
21 than at the outset of the proceedings when the debtor  
22 is often without sufficient cash flow to fund essential business  
23 operations”. It is for this very reason that Congress specified that  
24 hearings concerning the use of cash collateral “shall be scheduled in  
25 accordance with the needs of the debtor”. 11 U.S.C. § 363(c)(3).  
26  
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1 In re Center Wholesale, Inc., 759 F.2d 1440, 1449 n. 21 (9th Cir. 1985) (citations  
2 omitted).

3 In the present case, emergency use of cash collateral by the Debtor, pending a final  
4 hearing, is necessary to prevent immediate and irreparable harm to the Debtor and its  
5 creditors. Absent such use, the Debtor will have no funds from which to conduct its  
6 operations.


7 **V. CONCLUSION**

8 WHEREFORE, the Debtor respectfully requests that this Court enter an order, in  
9 the form attached to the Declaration of William M. Shields Jr. as Exhibit-4 authorizing  
10 the use of cash collateral; and granting the Debtor such other and further relief as is just  
11 and proper under the circumstances.

12  
13 LAW OFFICES OF MICHAEL JAY BERGER

14  
15  
16 Dated: 9/21/2023

17 By:

18   
19 Michael Jay Berger  
20 Proposed Counsel for Debtor-in-Possession  
21 Shields Nursing Centers, Inc.  
22  
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1                                    **DECLARATION OF WILLIAM M. SHIELDS JR.**

2            I, William M. Shields Jr., declare and state as follows:

3            1.        I am the Chief Executive Officer of Shields Nursing Centers, Inc. (the  
4            “Debtor”) herein. I have personal knowledge of the facts set forth below and if called to  
5            testify as to those facts, I could and would competently do so.

6            2.        The Debtor was formed in November 1978 and operates a post-acute  
7            skilled nursing facilities in Richmond, California and El Cerrito, California, and serving  
8            the Contra Costa and surrounding counties. The total capacity for the two facilities  
9            combined is 125 beds, with 94 beds being currently occupied. Both facilities have a five-  
10           star rating. The Debtor services patients with all types of acute diagnosis, including but  
11           not limited to extensive rehabilitation to long-term dementia, and with a specialty in  
12           healing difficult wounds. About 90% percent of Debtor’s revenue is generated by Federal  
13           and State contracts (Medicare and Medi-Cal).  
14

15           3.        In the Richmond location, the Debtor has 83 beds, and at present time, 59  
16           beds are occupied. The El Cerrito location has a capacity of 42 beds and currently 35  
17           beds are occupied. The employees include physicians, nurses, therapists, psychologists,  
18           dietitians, and social service personnel.

19           4.        The services performed by the employees include administering  
20           medications, helping patients with mobility and transfers, changing wound dressings,  
21           communicating with doctors and other healthcare providers, offering physical,  
22           occupational and speech therapies to improve patients’ strength, coordination, balance,  
23           and communication abilities, The social workers employed by the Debtor provide  
24           emotional support to patients and their families, help coordinate post-discharge care, and  
25           connect the patients with community resources. The administrative staff handles  
26           scheduling and billing, maintains medical records, and assists with other logistic tasks.  
27  
28

1 The goal is to help the patients recover from illness, injury or surgery and prepare them  
2 for a safe return to home or to a long-term care facility.

3 5. Absent the use of cash collateral, it will be unable to operate its business  
4 during the Chapter 11 Case, irreparably harming the Debtor's estate and creditors. If the  
5 Debtor is unable, on a consistent basis, to maintain its business and provide the medical  
6 care services to its patients, the Debtor will not be able to run its business, will lose the  
7 existing patients, employees, vendors, the leases for both the Richmond and El Cerrito  
8 locations, and will ultimately be forced to cease operations. This will cause harm to the  
9 Debtor, but also to its patients who need 24/7 health care services which the Debtor can  
10 only provide if its business model is not interrupted due to delay in having access to the  
11 cash collateral to pay the necessary every day operating expenses. Furthermore, lack of  
12 use of cash collateral will harm the creditors of the estate because if the business ceases  
13 its operation, no revenue will be coming in to support the plan payments to be proposed  
14 through a plan of reorganization. The Debtor's access to cash collateral is necessary to  
15 preserve and maximize the value of its assets for the benefit of all parties in interest. The  
16 use of cash collateral is essential to Debtor's continued ability to operate and provide  
17 proper service to its clients until consummation of a plan.

18  
19 6. The Secured Creditors effected by Debtor's proposed use of cash collateral  
20 are as follows in the order of priority of UCC filings:

- 21 - EDD: \$194.32; UCC filed on 2/17/2017
- 22 - IRS: \$1,882,355.99; Federal Tax Lien filed on 8/22/2018
- 23 - IRS: \$851,339.40; Federal Tax Lien filed on 8/22/2018
- 24 - IRS: \$181,502.12; Federal Tax Lien filed on 12/17/2018
- 25 - CT Corporation, as representative; UCC filed on 3/20/2019; the secured creditor's  
26 name and amount are unknown at this time; Debtor will amend its schedules.
- 27 - IRS: \$95,794.32; Federal Tax Lien filed on 6/13/2019

- 1 - CT Corporation, as representative; UCC filed on 8/2/201; the secured creditor's
- 2 name and amount are unknown at this time; Debtor will amend its schedules.
- 3 - CT Corporation, as representative; UCC filed on 12/11/2019; the secured
- 4 creditor's name and amount are unknown at this time; Debtor will amend its schedules.
- 5 - U.S. Small Business Administration: \$2,000,000.00; filed on 5/23/2020
- 6 - CT Corporation, as representative; UCC filed on 10/24/2022; the secured
- 7 creditor's name and amount are unknown at this time; Debtor will amend its schedules.
- 8 - First Corporate Solutions, as representative; UCC filed on 12/27/2022; the secured
- 9 creditor's name and amount are unknown at this time; Debtor will amend its schedules.
- 10 - BizFund LLC: \$400,000.00; UCC filed on 3/10/2023
- 11 - UFS West LLC; \$200,000.00; UCC filed on 5/2/2023

12 (Collectively the "Secured Creditors"). A true and correct copy of Debtor's Schedules D  
13 indicating the priority and classification of the Secured Creditors is attached hereto as  
14 **Exhibit – 3.**

15 7. The Debtor seeks permission to use cash collateral, in accordance with the  
16 six (6) month budget ("Budget") attached hereto as **Exhibit-1**, to pay various items in the  
17 ordinary course of business and as authorized by the Court, including payroll, utilities,  
18 taxes, rent, and other expenses necessary for the business operation. In addition, the  
19 Debtor requires the use of cash collateral to retain and pay costs of professionals, US  
20 Trustee Quarterly Fees, accounting fees who will enable the Debtor to reorganize its  
21 business. Taken together, the services provided by all of the foregoing parties and other  
22 entities are critical to the preservation of the Debtor's business and asset value.

23 8. Debtor's Schedule A/B estimated the assets at \$1,726,970.40. A true and  
24 correct copy of Schedule A/B filed with the court is attached hereto as **Exhibit-2**. Based  
25 on the value of Debtor's assets, the Debtor at this time is offering to make monthly  
26 adequate protection payments to the first position secured creditor, the Internal Revenue  
27 Service, in the amount of \$7,500.00 per month. Debtor believes that all the Secured  
28

1 Creditors are adequately protected by the ongoing business operations and the income to  
2 be generated throughout the pendency of Debtor's bankruptcy case, and the granting of a  
3 replacement lien to the extent of any diminution in value of collateral as a result of the  
4 Debtor's use of cash collateral. The replacement lien would be on all post-petition assets  
5 in the same priority and to the same extent and validity as the Secured Creditors asserted  
6 pre-petition.

7 9. The Debtor reasonably believes that the Budget will be adequate,  
8 considering all available assets, to pay all administrative expenses due or accruing during  
9 the period covered by the Budget. Without use of cash collateral, the Debtor would suffer  
10 immediate and irreparable harm and the entire bankruptcy proceeding will be jeopardized  
11 to the significant detriment of the Debtor's estate and its creditors. At a minimum, the  
12 Debtor's inability to use cash collateral would disrupt Debtor's operations as a going  
13 concern, would eliminate or significantly decrease the possibility of confirmation of a  
14 plan of reorganization, and would otherwise not be in the best interests of the Debtor, its  
15 estate, or creditors.  
16

17 10. Access to existing cash collateral will provide the Debtor with the liquidity  
18 necessary to ensure that the Debtor has sufficient working capital and liquidity to operate  
19 its business and preserve and maintain the value of the Debtor's estates. Without access  
20 to such liquidity, the Debtor and its estate will face irreparable harm.

21 11. The proposed order authorizing use of cash collateral is attached hereto as  
22 Exhibit-4.

23 I declare under penalty of perjury that the foregoing is true and correct and that  
24 this declaration is executed on September 21, 2023 at Hercules, California.

25  
26   
27 William M. Shields Jr.  
28



## **EXHIBIT-1**

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SHIELDS NURSING CENTERS, INC.  
CASH FLOW ANALYSIS FOR THE YEAR 2023-24  
(EC - El Cerrito Facility; RCH - Richmond Facility)

Sep-23 Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 TOTAL

COLLECTIONS

EL CERRITO	498,000.00	498,000.00	498,000.00	498,000.00	512,000.00	512,000.00	3,016,000.00
RICHMOND	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,105,000.00	1,105,000.00	6,410,000.00
<b>TOTAL</b>	<b>1,548,000.00</b>	<b>1,548,000.00</b>	<b>1,548,000.00</b>	<b>1,548,000.00</b>	<b>1,617,000.00</b>	<b>1,617,000.00</b>	<b>9,426,000.00</b>

EXPENSES

WAGES							
CORPORATE	33,907.30	33,907.30	33,907.30	33,907.30	34,924.52	34,924.52	205,478.24
William Shields - Insider Compensation	23,232.00	23,232.00	23,232.00	23,232.00	23,232.00	23,232.00	139,392.00
Monique Shields - Insider Compensation	16,704.00	16,704.00	16,704.00	16,704.00	16,704.00	16,704.00	100,224.00
Gregory Shields - Insider Compensation	9,230.80	9,230.80	9,230.80	9,230.80	9,230.80	9,230.80	55,384.80
EL CERRITO	\$ 247,424.94	\$ 247,424.94	\$ 247,424.94	\$ 247,424.94	\$ 268,260.72	\$ 268,260.72	1,526,221.18
RICHMOND	\$ 479,575.69	\$ 479,575.69	\$ 479,575.69	\$ 479,575.69	\$ 519,961.02	\$ 519,961.02	2,958,224.81
<b>SUB-TOTAL --WAGES</b>	<b>810,074.73</b>	<b>810,074.73</b>	<b>810,074.73</b>	<b>810,074.73</b>	<b>872,313.05</b>	<b>872,313.05</b>	<b>4,984,925.02</b>

KAISER	74,150.00	74,150.00	74,150.00	74,150.00	77,858.00	77,858.00	452,316.00
BENELECT							
ADMINISTRATION	5,100.00	5,100.00	5,100.00	5,100.00	5,100.00	5,100.00	30,600.00
ELECTRONIC FUNDS TRANSFER	2,500.00	2,500.00	2,500.00	2,500.00	3,000.00	3,000.00	16,000.00
DELTA DENTAL	3,800.00	3,800.00	3,800.00	3,800.00	3,950.00	3,950.00	23,100.00
LEASE							
Willie & Monique Shields - Corporate Lease	16,427.00	16,427.00	16,427.00	16,427.00	16,427.00	16,427.00	98,562.00

Rate increase for Medi-Cal effective 1/1/24	
Rate increase for Medi-Cal effective 1/1/24	
Union Increases effective 1/1/24	
Union Increases effective 1/1/24	
Union Increases effective 1/1/24	
Rate increases effective 1/1/24	
Employee health benefit accounts - average monthly charges on health benefit debit cards	
Fees for employee use of health benefit debit cards	
Rate increases effective 1/1/24	
Landlords for Corporate Facility are insiders of the Debtor	

SHIELDS NURSING CENTERS, INC.  
CASH FLOW ANALYSIS FOR THE YEAR 2023-24  
EC - El Cerrito Facility; RCH - Richmond Facility)

	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	TOTAL
James Prasad - RCH Lease	41,405.00	41,405.00	41,405.00	41,405.00	41,405.00	41,405.00	248,430.00
Alerica Corporation et al - EC Lease	22,341.00	22,341.00	22,341.00	22,341.00	22,341.00	22,341.00	134,046.00
WORKERS COMP INS.	20,100.00	20,100.00	20,100.00	20,100.00	20,100.00	20,100.00	120,600.00
LIABILITY INS.	6,143.94	6,143.94	6,143.94	6,143.94	6,143.94	6,143.94	36,863.64
PROPERTY INS.	3,541.64	3,541.64	3,541.64	3,541.64	3,541.64	3,541.64	21,249.84
IRS - Payroll taxes	95,378.00	95,378.00	95,378.00	95,378.00	95,378.00	95,378.00	572,268.00
IRS- FUTA		1,500.00			1,500.00		3,000.00
EDD - SUI		7,000.00			5,500.00		12,500.00
PROPERTY TAX							
Corporate	1,417.00	1,417.00	1,417.00	1,417.00	1,417.00	1,417.00	8,502.00
EC	1,917.00	1,917.00	1,917.00	1,917.00	1,917.00	1,917.00	11,502.00
RCH	6,667.00	6,667.00	6,667.00	6,667.00	6,667.00	6,667.00	40,002.00
DEPT OF PUBLIC HEALTH							
EC	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	22,500.00
RCH	7,167.00	7,167.00	7,167.00	7,167.00	7,167.00	7,167.00	43,002.00
Department of Health Services - Quality Assurance Fee - RCH	36,000.00	36,000.00	36,000.00	36,000.00	36,000.00	36,000.00	216,000.00
Department of Health Services - Quality Assurance Fee - EC	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	108,000.00
NURSING- All Facilities							
OTHER EMP. BENEFITS	1,603.00	1,603.00	1,603.00	1,603.00	1,603.00	1,603.00	9,618.00
MEDICAL DIRECTOR	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	36,000.00
PHARMACY CONSULTANT	1,300.00	1,300.00	1,300.00	1,300.00	1,300.00	1,300.00	7,800.00

Landlord for RCH
Landlords are: Alerica Corporation, Santiago-Leon Balazs and Margarita C. Balazs, Trustees of the Santiago-Leon and Margarita C. Balazs Living Trust
Paid quarterly
Paid quarterly
Facility license
Facility license
Independent Contractor
Independent Contractor

SHIELDS NURSING CENTERS, INC.  
CASH FLOW ANALYSIS FOR THE YEAR 2023-24  
CHC - El Cerrito Facility; RCH - Richmond Facility)

	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	TOTAL	
PURCHASED SERVICES	558.00	558.00	558.00	558.00	558.00	558.00	3,348.00	Nursing consultants (independent contractors)
OXYGEN & OTHER MED GASES	1,019.00	1,019.00	1,019.00	1,019.00	1,019.00	1,019.00	6,114.00	
PHARMACY HOUSE SUPPLIES	2,359.00	2,359.00	2,359.00	2,359.00	2,359.00	2,359.00	14,154.00	
OTHER MED CARE MATERIALS	7,889.00	7,889.00	7,889.00	7,889.00	7,889.00	7,889.00	47,334.00	
OFFICE SUPPLIES	200.00	200.00	200.00	200.00	200.00	200.00	1,200.00	
MINOR MEDICAL EQUIPMENT	1,571.00	1,571.00	1,571.00	1,571.00	1,571.00	1,571.00	9,426.00	Examples: Blood pressure cuffs, IV stands
SEMINARS	200.00	200.00	200.00	200.00	200.00	200.00	1,200.00	
EMPLOYEE RECRUITMENT	750.00	750.00	750.00	750.00	750.00	750.00	4,500.00	
PLANT OPERATION- All Facilities								
MAINTENANCE SUPPLIES	3,150.00	3,150.00	3,150.00	3,150.00	3,150.00	3,150.00	18,900.00	Examples: broken toilets, sheet rock work, plumbing work, flooring repair
REPAIR & MAINTENANCE	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	30,000.00	
OTHER PURCH. SERVICES	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	7,500.00	
ELECTRICITY	7,760.00	7,760.00	7,760.00	7,760.00	7,760.00	7,760.00	46,560.00	
GAS	7,061.00	7,061.00	7,061.00	7,061.00	7,061.00	7,061.00	42,366.00	
WATER	3,404.00	3,404.00	3,404.00	3,404.00	3,404.00	3,404.00	20,424.00	
GARBAGE	9,556.00	9,556.00	9,556.00	9,556.00	9,556.00	9,556.00	57,336.00	
HOUSEKEEPING- All Facilities								
EMPLOYEE BENEFITS	200.00	200.00	200.00	200.00	200.00	200.00	1,200.00	Examples: vacuum cleaners, buffers
MINOR EQUIPMENT	500.00	500.00	500.00	500.00	500.00	500.00	3,000.00	
CLEANING SUPPLIES	3,625.00	3,625.00	3,625.00	3,625.00	3,625.00	3,625.00	21,750.00	
LAUNDRY & LINEN- All Facilities								
LINEN & BEDDING	2,463.00	2,463.00	2,463.00	2,463.00	2,463.00	2,463.00	14,778.00	
SUPPLIES	2,197.00	2,197.00	2,197.00	2,197.00	2,197.00	2,197.00	13,182.00	



SHIELDS NURSING CENTERS, INC.  
CASH FLOW ANALYSIS FOR THE YEAR 2023-24  
(EC - El Cerrito Facility; RCH - Richmond Facility)

Sep-23 Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 TOTAL

**ADMISSION- All Facilities**

SUPPLIES	100.00	100.00	100.00	100.00	100.00	100.00	600.00	
EMPLOYEE BENEFITS	100.00	100.00	100.00	100.00	100.00	100.00	600.00	

**ADMINISTRATION- All Facilities**

EMPLOYEE BENEFITS	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	15,000.00	
LEGAL FEES (Estimated; subject to Court approval)						15,000.00	15,000.00	
ACCOUNTING FEES (Estimated; subject to Court approval)				5,000.00			5,000.00	
Office of the U.S. Trustee - Quarterly Fees (Estimated)		37,017.39			37,017.39		74,034.79	
IRS - Adequate Protection Payments	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	45,000.00	Proposed APO Payments per Cash Collateral Motion
OFFICE SUPPLIES	1,890.00	1,890.00	1,890.00	1,890.00	1,890.00	1,890.00	11,340.00	
MAIL & SHIPPING	898.00	898.00	898.00	898.00	898.00	898.00	5,388.00	Examples: consulting services for review of documents or drafting documents, policy / procedure writing, employee handbook
PURCHASED SERVICES	2,028.00	2,028.00	2,028.00	2,028.00	2,028.00	2,028.00	12,168.00	
TRAVEL	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	9,000.00	Facilities' integrated phone system and internet
TELEPHONE	10,870.00	10,870.00	10,870.00	10,870.00	10,870.00	10,870.00	65,220.00	Examples: TV services, subscription phone applications, HOA dues for corporate office
DUES & SUBSCRIPTIONS	5,884.00	5,884.00	5,884.00	5,884.00	5,884.00	5,884.00	35,304.00	
SEMINARS	350.00	350.00	350.00	350.00	350.00	350.00	2,100.00	
EMPLOYEE RECRUITMENT	340.00	340.00	340.00	340.00	340.00	340.00	2,040.00	
ADVERTISING	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	12,600.00	



SHIELDS NURSING CENTERS, INC.  
CASH FLOW ANALYSIS FOR THE YEAR 2023-24  
EC - El Cerrito Facility; RCH - Richmond Facility)

	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	TOTAL	
MINOR EQUIPMENT	1,211.00	1,211.00	1,211.00	1,211.00	1,211.00	1,211.00	7,266.00	Examples: Batteries, phones, copy machines
DATA PROCESSING	15,618.00	15,618.00	15,618.00	15,618.00	15,618.00	15,618.00	93,708.00	Medical records maintenance and electronic filing
MISCELLANEOUS	550.00	550.00	550.00	550.00	550.00	550.00	3,300.00	
BANK FEES /FINANCE CHARGES	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	9,000.00	
<b>LEASES &amp; RENTAL-</b>								
Dimension Funding, LLC	3672.00	3672.00	3672.00	3672.00	3672.00	3672.00	22,032.00	Nursing Can systems equipment lease at EC and RCH
Leaf Capital Funding, LLC	623.62	623.62	623.62	623.62	623.62	623.62	3,741.72	Entertain360 equipment lease at EC
Leaf Capital Funding, LLC	625.49	625.49	625.49	625.49	625.49	625.49	3,752.94	Entertain360 equipment lease at RCH
<b>MISCELLANEOUS-</b>								
BARBER & BEAUTICIAN	200.00	200.00	200.00	200.00	200.00	200.00	1,200.00	
PERSONAL ITEMS	500.00	500.00	500.00	500.00	500.00	500.00	3,000.00	Hygienic items for residents, examples: toothbrushes, combs, toothpaste
<b>PATIENT SUPPLIES-</b>								
PATIENT SUPPLIES-PART A	1250.00	1250.00	1250.00	1250.00	1250.00	1250.00	7,500.00	
PATIENT SUPPLIES-HMO	790.00	790.00	790.00	790.00	790.00	790.00	4,740.00	
OXYGEN-PART A	590.00	590.00	590.00	590.00	590.00	590.00	3,540.00	
OXYGEN-HMO	860.00	860.00	860.00	860.00	860.00	860.00	5,160.00	
OXYGEN-MEDICAL	652.00	652.00	652.00	652.00	652.00	652.00	3,912.00	
PEN FEEDING-PART A	300.00	300.00	300.00	300.00	300.00	300.00	1,800.00	
PEN FEEDING-HMO	2500.00	2500.00	2500.00	2500.00	2500.00	2500.00	15,000.00	
X-RAY PART A	250.00	250.00	250.00	250.00	250.00	250.00	1,500.00	
X-RAY HMO	607.00	607.00	607.00	607.00	607.00	607.00	3,642.00	
X-RAY MEDICAL	100.00	100.00	100.00	100.00	100.00	100.00	600.00	
LAB PART A	2339.00	2339.00	2339.00	2339.00	2339.00	2339.00	14,034.00	
LAB MEDICAL	1895.00	1895.00	1895.00	1895.00	1895.00	1895.00	11,370.00	
LAB HMO	5057.00	5057.00	5057.00	5057.00	5057.00	5057.00	30,342.00	
EQUIPMENT PART A	822.00	822.00	822.00	822.00	822.00	822.00	4,932.00	
EQUIPMENT MEDICAL	1469.00	1469.00	1469.00	1469.00	1469.00	1469.00	8,814.00	

SHIELDS NURSING CENTERS, INC.  
CASH FLOW ANALYSIS FOR THE YEAR 2023-24  
(EC - El Cerrito Facility; RCH - Richmond Facility)

	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	TOTAL
<b>EQUIPMENT HMO</b>	1985.00	1985.00	1985.00	1985.00	1985.00	1985.00	11,910.00
<b>THERAPY-</b>							
Physical Therapy-PART A	18562.00	18562.00	18562.00	18562.00	18562.00	18562.00	111,372.00
Occupational Therapy - PART A	17011.00	17011.00	17011.00	17011.00	17011.00	17011.00	102,066.00
Speech Therapy -PART A	7826.00	7826.00	7826.00	7826.00	7826.00	7826.00	46,956.00
Physical Therapy -HMO	24983.00	24983.00	24983.00	24983.00	24983.00	24983.00	149,898.00
Occupational Therapy-HMO	19033.00	19033.00	19033.00	19033.00	19033.00	19033.00	114,198.00
Speech Therapy -HMO	2119.00	2119.00	2119.00	2119.00	2119.00	2119.00	12,714.00
Physical Therapy -PART B	2683.00	2683.00	2683.00	2683.00	2683.00	2683.00	16,098.00
Occupational Therapy - PART B	4812.00	4812.00	4812.00	4812.00	4812.00	4812.00	28,872.00
Speech Therapy -PART B	462.00	462.00	462.00	462.00	462.00	462.00	2,772.00
<b>AMBULANCE</b>							
AMBULANCE-PART A	1823.00	1823.00	1823.00	1823.00	1823.00	1823.00	10,938.00
AMBULANCE-MEDICAL	1533.00	1533.00	1533.00	1533.00	1533.00	1533.00	9,198.00
AMBULANCE-HMO	746.00	746.00	746.00	746.00	746.00	746.00	4,476.00
<b>PHARMACY-</b>							
MEDICARE PT. A	8500.00	8500.00	8500.00	8500.00	8500.00	8500.00	51,000.00
HMO	11677.00	11677.00	11677.00	11677.00	11677.00	11677.00	11677.00
MEDI-CAL S.O.C.	350.00	350.00	350.00	350.00	350.00	350.00	2,100.00
<b>TOTAL EXPENSES</b>	1,499,294.92	1,544,812.31	1,499,294.92	1,504,294.92	1,610,635.64	1,581,618.24	
<b>TOTAL REVENUE</b>	1,548,000.00	1,548,000.00	1,548,000.00	1,548,000.00	1,617,000.00	1,617,000.00	
<b>PROFIT/LOSS</b>	48,705.08	3,187.69	48,705.08	43,705.08	6,364.36	35,381.76	

## **EXHIBIT-2**

Fill in this information to identify the case:

Debtor name Shields Nursing Centers, Inc.

United States Bankruptcy Court for the: NORTHERN DISTRICT OF CALIFORNIA

Case number (if known) 23-41201

☐ Check if this is an amended filing

## Official Form 206A/B

### Schedule A/B: Assets - Real and Personal Property

12/15

Disclose all property, real and personal, which the debtor owns or in which the debtor has any other legal, equitable, or future interest. Include all property in which the debtor holds rights and powers exercisable for the debtor's own benefit. Also include assets and properties which have no book value, such as fully depreciated assets or assets that were not capitalized. In Schedule A/B, list any executory contracts or unexpired leases. Also list them on *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G).

Be as complete and accurate as possible. If more space is needed, attach a separate sheet to this form. At the top of any pages added, write the debtor's name and case number (if known). Also identify the form and line number to which the additional information applies. If an additional sheet is attached, include the amounts from the attachment in the total for the pertinent part.

For Part 1 through Part 11, list each asset under the appropriate category or attach separate supporting schedules, such as a fixed asset schedule or depreciation schedule, that gives the details for each asset in a particular category. List each asset only once. In valuing the debtor's interest, do not deduct the value of secured claims. See the instructions to understand the terms used in this form.

#### Part 1: Cash and cash equivalents

##### 1. Does the debtor have any cash or cash equivalents?

- ☐ No. Go to Part 2.  
☒ Yes Fill in the information below.

All cash or cash equivalents owned or controlled by the debtor

Current value of  
debtor's interest

##### 2. Cash on hand

\$150.00

##### 3. Checking, savings, money market, or financial brokerage accounts (Identify all)

Name of institution (bank or brokerage firm)

Type of account

Last 4 digits of account  
number

3.1. Bank of the West

Receivables account

9159

\$381.44

Bank of the West  
Cards issued to employees to use  
when they go to see their doctors  
Debtor needs to keep this account  
open; otherwise, the employees won't  
be able to use the debit cards.

3.2.

HSA Marin (high share  
account with Kaiser for  
deductibles)

9629

\$4,243.81

3.3. Bank of the West

Payroll Account

9287

\$282,886.91

3.4. Bank of the West

Reserve Account

5467

\$503.81

3.5. Bank of the West

Accounts Payable

8849

\$0.00

Debtor Shields Nursing Centers, Inc.  
Name

Case number (If known) \_\_\_\_\_

Bank of the West  
CA requires interest bearing trust  
account for patients that would like to  
deposit funds for the company to keep  
for them. This includes the patients'  
social security income (use the funds  
to pay for certain expenses of the  
patients, order clothes).

3.6. Patient Trust Account 0036 \$301.92

4. Other cash equivalents (Identify all)

5. Total of Part 1.

\$288,467.89

Add lines 2 through 4 (including amounts on any additional sheets). Copy the total to line 80.

**Part 2: Deposits and Prepayments**

6. Does the debtor have any deposits or prepayments?

- ☒ No. Go to Part 3.  
☐ Yes Fill in the information below.

**Part 3: Accounts receivable**

10. Does the debtor have any accounts receivable?

- ☐ No. Go to Part 4.  
☒ Yes Fill in the information below.

11. Accounts receivable  
11a. 90 days old or less:  
Accounts receivable from  
Medicare, Medi-Cal,  
Private Insurances,  
HMO/MGD Care, Hospice  
(El Cerrito): \$500,832.94  
Accounts receivable from  
Medicare, Medi-Cal,  
Private Insurances,  
HMO/MGD Care, Hospice  
(Richmond):  
\$1,072,870.86.  
Total between the  
Richmond and El Cerrito  
is \$1,573,703.80. Debtor  
anticipates collecting 80%  
of the face value which is  
\$1,258,963.04.

<u>\$1,258,963.04</u>	-	<u>0.00</u>	= ....	<u>\$1,258,963.04</u>
face amount		doubtful or uncollectible accounts		

Debtor Shields Nursing Centers, Inc.  
Name

Case number (if known) \_\_\_\_\_

11b. Over 90 days old:  
Accounts receivable from  
Medicare, Medi-Cal,  
Private Insurances,  
HMO/MGD Care, Hospice  
(Cerritos): \$54,082.43  
(50% likelihood of  
collection: \$27,041.21).  
Accounts receivable from  
Medicare, Medi-Cal,  
Private Insurances,  
HMO/MGD Care, Hospice  
(Richmond): \$127,996.53  
(50% likelihood of  
collection = \$63,998.26).

\$182,078.94  
face amount

- \$91,039.47 = ....  
doubtful or uncollectible accounts

\$91,039.47

12. **Total of Part 3.**

Current value on lines 11a + 11b = line 12. Copy the total to line 82.

\$1,350,002.51

**Part 4: Investments**

13. Does the debtor own any investments?

- ☒ No. Go to Part 5.  
☐ Yes Fill in the information below.

**Part 5: Inventory, excluding agriculture assets**

18. Does the debtor own any inventory (excluding agriculture assets)?

- ☐ No. Go to Part 6.  
☒ Yes Fill in the information below. See item #39 below.

**Part 6: Farming and fishing-related assets (other than titled motor vehicles and land)**

27. Does the debtor own or lease any farming and fishing-related assets (other than titled motor vehicles and land)?

- ☒ No. Go to Part 7.  
☐ Yes Fill in the information below.

**Part 7: Office furniture, fixtures, and equipment; and collectibles**

38. Does the debtor own or lease any office furniture, fixtures, equipment, or collectibles?

- ☐ No. Go to Part 8.  
☒ Yes Fill in the information below.

General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
39. Office furniture			



Debtor Shields Nursing Centers, Inc.  
Name

Case number (If known) \_\_\_\_\_

Inventory List for both locations: 125 electric  
bends, 125 night stands, 125 table lamps, 125  
overbed tables, 40 desktop computers  
including monitors, 12 laptops and tablets, 125  
folding chairs, 125 26" LCD TV in resident  
rooms, 2 65" LCD in common areas, 2 dining  
room tables, 12 dining room tables, 3 hooyer  
lifts, 3 dynamaps, 40 dining room chairs, 24  
office furniture (includes desk and chairs), 3  
conference tables, 10 common area furniture  
(chairs and end tables), 3 housekeeping cards,  
patient supplies, 7 refrigerators and freezers, 3  
plate warmers, 3 microwaves, 2 steam tables,  
plates and silverware.

\$28,500.00

40. Office fixtures

41. Office equipment, including all computer equipment and  
communication systems equipment and software  
Equipment: (1) Nursing Call Systems installed  
at the Cerrito location and (1) Nursing Call  
Systems installed at the Richmond location.  
The equipment is financed with Dimension  
Funding, LLC for a 60 month term which  
commenced in May 2022 with a monthly  
payment of \$3,672.00. The vendor for the  
nurse call systems is RF Technologies.

\$45,000.00

Leased Entertain360 Equipment for El Cerrito  
location, including all parts, accessories, and  
attachment thereto.

\$0.00 (leased)

Leased Entertain360 for Richmond location,  
including all parts, accessories, and  
attachment thereto.

\$0.00 (leased)

42. Collectibles Examples: Antiques and figurines; paintings, prints, or other artwork;  
books, pictures, or other art objects; china and crystal; stamp, coin, or baseball card  
collections; other collections, memorabilia, or collectibles

43. Total of Part 7.

Add lines 39 through 42. Copy the total to line 86.

\$73,500.00

44. Is a depreciation schedule available for any of the property listed in Part 7?

☒ No  
☐ Yes

45. Has any of the property listed in Part 7 been appraised by a professional within the last year?

☒ No  
☐ Yes

**Part 8: Machinery, equipment, and vehicles**

46. Does the debtor own or lease any machinery, equipment, or vehicles?

☐ No. Go to Part 9.  
☒ Yes Fill in the information below.

Debtor Shields Nursing Centers, Inc.  
Name

Case number (If known) \_\_\_\_\_

	General description Include year, make, model, and identification numbers (i.e., VIN, HIN, or N-number)	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
47.	<b>Automobiles, vans, trucks, motorcycles, trailers, and titled farm vehicles</b>			
47.1.	<b>2004 Isuzu Box Truck: vehicle is paid in full; 52,956 miles.</b>			<b>\$5,000.00</b>
47.2.	<b>2014 Ram Pro-master: paid in full with 48,002 miles</b>			<b>\$10,000.00</b>
48.	<b>Watercraft, trailers, motors, and related accessories</b> <i>Examples: Boats, trailers, motors, floating homes, personal watercraft, and fishing vessels</i>			
49.	<b>Aircraft and accessories</b>			
50.	<b>Other machinery, fixtures, and equipment (excluding farm machinery and equipment)</b>			
51.	<b>Total of Part 8.</b> Add lines 47 through 50. Copy the total to line 87.			<b>\$15,000.00</b>
52.	<b>Is a depreciation schedule available for any of the property listed in Part 8?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			
53.	<b>Has any of the property listed in Part 8 been appraised by a professional within the last year?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			

**Part 9: Real property**

54. Does the debtor own or lease any real property?

- ☐ No. Go to Part 10.  
☒ Yes Fill in the information below.

54.1 Lease agreement between El Cerrito Investment Group, LLC ("Landlord") and Shields Nursing Centers, Inc. ("Tenant") for the real property commonly known as 3230 Carlson Blvd., El Cerrito, CA ("Shields Nursing Center"). The Lease commenced on September 1, 1999 with an option to extend the term of the lease for three periods of five years each by giving notice to Landlord. The base rent provides for percentage increase. Rent is due by the 10th of each month. The lease is intended to be a Net Lease. Tenant is responsible for real and personal taxes, and for payment of the utilities. Current base rent amount is \$22,341.00. Debtor wishes to assume the lease.

54.2 Lease agreement between James Prasad ("Landlord") and Shields Nursing Centers, Inc. ("Tenant") for the premises located at 1919 Cutting Blvd., Richmond, California (the "Premises"). The Lease commenced on October 1, 2011 with three options to extend the lease by 5 years each. Monthly base rent is due by the 10th of each month. Tenant is responsible for real and personal property taxes and for utilities. Current base rent is \$41,405.00. Debtor wishes to assume the Lease.

54.3 Lease agreement between Willie & Monique Shields ("Landlord") and Shields Nursing Centers, Inc. ("Tenant") for certain freestanding building and parking area commonly known as 606 Alfred Nobel Drive, Hercules, CA 94547 (the "Premises"). The Lease commenced on March 1, 2005 and has an end date of February 28, 2025. Tenant shall have an option to extend the term of the Lease for three periods of five years each by giving written notice to exercise this option at least 6 months prior to the expiration of the prior lease term. Tenant shall pay Landlord monthly base rent of \$15,352.20 subject to adjustment per Section 4.2 of the Lease. Tenant is also responsible for personal property and real property taxes as well as substitute and additional taxes that might be assessed on the property. Tenant is also responsible for all utilities and services furnished for the Premises. Current base rent is \$16,427.00. Debtor wishes to assume the Lease.

Debtor Shields Nursing Centers, Inc.  
Name

Case number (if known) \_\_\_\_\_

**Part 10: Intangibles and intellectual property**

**59. Does the debtor have any interests in intangibles or intellectual property?**

- ☐ No. Go to Part 11.  
☒ Yes Fill in the information below.

General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
60. Patents, copyrights, trademarks, and trade secrets			
61. Internet domain names and websites			
62. Licenses, franchises, and royalties California Dept of Public Health License issued by Health Care Services for Richmond facility; License No.: 140000276. California Dept of Public Health License issued by Health Care Services for El Cerrito facility; License No.: 140000139			\$0.00
63. Customer lists, mailing lists, or other compilations			
64. Other intangibles, or intellectual property			
65. Goodwill			
66. Total of Part 10. Add lines 60 through 65. Copy the total to line 89.			\$0.00
67. Do your lists or records include personally identifiable information of customers (as defined in 11 U.S.C. §§ 101(41A) and 107)? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			
68. Is there an amortization or other similar schedule available for any of the property listed in Part 10? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			
69. Has any of the property listed in Part 10 been appraised by a professional within the last year? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			

**Part 11: All other assets**

**70. Does the debtor own any other assets that have not yet been reported on this form?**

Include all interests in executory contracts and unexpired leases not previously reported on this form.

- ☒ No. Go to Part 12.  
☐ Yes Fill in the information below.

Debtor Shields Nursing Centers, Inc.  
Name

Case number (if known) \_\_\_\_\_

**Part 12: Summary**

In Part 12 copy all of the totals from the earlier parts of the form

Type of property	Current value of personal property	Current value of real property
80. Cash, cash equivalents, and financial assets. <i>Copy line 5, Part 1</i>	<u>\$288,467.89</u>	
81. Deposits and prepayments. <i>Copy line 9, Part 2.</i>	<u>\$0.00</u>	
82. Accounts receivable. <i>Copy line 12, Part 3.</i>	<u>\$1,350,002.51</u>	
83. Investments. <i>Copy line 17, Part 4.</i>	<u>\$0.00</u>	
84. Inventory. <i>Copy line 23, Part 5.</i>	<u>\$0.00</u>	
85. Farming and fishing-related assets. <i>Copy line 33, Part 6.</i>	<u>\$0.00</u>	
86. Office furniture, fixtures, and equipment; and collectibles. <i>Copy line 43, Part 7.</i>	<u>\$73,500.00</u>	
87. Machinery, equipment, and vehicles. <i>Copy line 51, Part 8.</i>	<u>\$15,000.00</u>	
88. Real property. <i>Copy line 56, Part 9.....&gt;</i>		<u>\$0.00</u>
89. Intangibles and intellectual property. <i>Copy line 66, Part 10.</i>	<u>\$0.00</u>	
90. All other assets. <i>Copy line 78, Part 11.</i>	+ <u>\$0.00</u>	
91. Total. Add lines 80 through 90 for each column	<u>\$1,726,970.40</u>	+ 91b. <u>\$0.00</u>
92. Total of all property on Schedule A/B. Add lines 91a+91b=92		<u>\$1,726,970.40</u>

### **EXHIBIT-3**

Fill in this information to identify the case:

Debtor name Shields Nursing Centers, Inc.

United States Bankruptcy Court for the: NORTHERN DISTRICT OF CALIFORNIA

Case number (if known) 23-41201

☐ Check if this is an amended filing

Official Form 206D

**Schedule D: Creditors Who Have Claims Secured by Property**

12/15

Be as complete and accurate as possible.

1. Do any creditors have claims secured by debtor's property?

- ☐ No. Check this box and submit page 1 of this form to the court with debtor's other schedules. Debtor has nothing else to report on this form.
- ☒ Yes. Fill in all of the information below.

**Part 1: List Creditors Who Have Secured Claims**

2. List in alphabetical order all creditors who have secured claims. If a creditor has more than one secured claim, list the creditor separately for each claim.

**2.1 BizFund LLC**

Creditor's Name

**2371 McDonald Ave., 2nd  
Floor  
Brooklyn, NY 11223**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

**3/10/2023**

Last 4 digits of account number

**6925**

Do multiple creditors have an interest in the same property?

- ☒ No
- ☐ Yes. Specify each creditor, including this creditor and its relative priority.

Describe debtor's property that is subject to a lien  
**Debtor's assets**

Describe the lien

**UCC Financing Statement**

Is the creditor an insider or related party?

- ☒ No
- ☐ Yes
- Is anyone else liable on this claim?

- ☐ No
- ☒ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:  
Check all that apply

- ☐ Contingent
- ☒ Unliquidated
- ☒ Disputed

Column A

Amount of claim

Do not deduct the value of collateral.

**\$400,000.00**

Column B

Value of collateral that supports this claim

**\$0.00**

**2.2 CT Corporation System, as representative**

Creditor's Name

**330 N. Brand Blvd., Ste 700  
Glendale, CA 91203**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

**3/20/2019**

Last 4 digits of account number

**0384**

Do multiple creditors have an interest in the same property?

Describe debtor's property that is subject to a lien  
**Debtor's assets**

Describe the lien

**UCC Financing Statement**

Is the creditor an insider or related party?

- ☒ No
- ☐ Yes
- Is anyone else liable on this claim?

- ☒ No
- ☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:  
Check all that apply

**Unknown**

**\$0.00**



Debtor **Shields Nursing Centers, Inc.**  
Name

Case number (if known)

☒ No  
☐ Yes. Specify each creditor,  
including this creditor and its relative  
priority.

☒ Contingent  
☒ Unliquidated  
☒ Disputed

2.3

**CT Corporation System, as  
representative**

Creditor's Name

**330 N. Brand Blvd., Ste 700  
Glendale, CA 91203**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

**8/2/2019**

Last 4 digits of account number

**9874**

Do multiple creditors have an  
interest in the same property?

☒ No  
☐ Yes. Specify each creditor,  
including this creditor and its relative  
priority.

Describe debtor's property that is subject to a lien

**Debtor's assets**

**Unknown**

**\$0.00**

Describe the lien

**UCC Financing Statement**

Is the creditor an insider or related party?

☒ No  
☐ Yes

Is anyone else liable on this claim?

☒ No  
☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:

Check all that apply

☒ Contingent  
☒ Unliquidated  
☒ Disputed

2.4

**CT Corporation System, as  
representative**

Creditor's Name

**330 N. Brand Blvd., Ste 700  
Glendale, CA 91203**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

**10/24/2022**

Last 4 digits of account number

**6331**

Do multiple creditors have an  
interest in the same property?

☒ No  
☐ Yes. Specify each creditor,  
including this creditor and its relative  
priority.

Describe debtor's property that is subject to a lien

**Debtor's assets**

**Unknown**

**\$0.00**

Describe the lien

**UCC Financing Statement**

Is the creditor an insider or related party?

☒ No  
☐ Yes

Is anyone else liable on this claim?

☒ No  
☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:

Check all that apply

☒ Contingent  
☒ Unliquidated  
☒ Disputed

2.5

**CT Corporation System, as  
representative**

Creditor's Name

**330 N. Brand Blvd., Ste 700  
Glendale, CA 91203**

Creditor's mailing address

Creditor's email address, if known

Describe debtor's property that is subject to a lien

**Debtor's assets**

**Unknown**

**\$0.00**

Describe the lien

**UCC Financing Statement**

Is the creditor an insider or related party?

☒ No  
☐ Yes

Debtor **Shields Nursing Centers, Inc.**  
Name

Case number (if known)

Date debt was incurred  
**12/11/2019**  
Last 4 digits of account number  
**2300**

Do multiple creditors have an interest in the same property?  
☒ No  
☐ Yes. Specify each creditor, including this creditor and its relative priority.

Is anyone else liable on this claim?

☒ No  
☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:  
Check all that apply

☒ Contingent  
☒ Unliquidated  
☒ Disputed

**2.6** **Dimension Funding, LLC**  
Creditor's Name

**6 Hughes Street #220  
Irvine, CA 92618**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred  
**May 6, 2022**  
Last 4 digits of account number  
**7328**

Do multiple creditors have an interest in the same property?  
☒ No  
☐ Yes. Specify each creditor, including this creditor and its relative priority.

Describe debtor's property that is subject to a lien

**Equipment: (1) Nursing Call Systems installed at El Cerrito location and (1) Nursing Call Systems installed at the Richmond location. The equipment is financed with Dimension Funding, LLC for a 60 month term which commenced in May 2022 wit**

**\$158,842.22**

**\$45,000.00**

Describe the lien

**Equipment Finance Agreement /  
UCC Statement**

Is the creditor an insider or related party?

☒ No  
☐ Yes

Is anyone else liable on this claim?

☒ No  
☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:  
Check all that apply

☐ Contingent  
☐ Unliquidated  
☐ Disputed

**2.7** **Employee Development  
Department**  
Creditor's Name

**PO Box 826203  
Sacramento, CA 94230**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred  
**2/17/2017**  
Last 4 digits of account number  
**6310**

Do multiple creditors have an interest in the same property?  
☒ No  
☐ Yes. Specify each creditor, including this creditor and its relative priority.

Describe debtor's property that is subject to a lien  
**Debtor's assets**

**\$194.32**

**\$0.00**

Describe the lien

**Notice of State Tax Lien for 7/1/16 - 9/30/16**

Is the creditor an insider or related party?

☒ No  
☐ Yes

Is anyone else liable on this claim?

☒ No  
☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:  
Check all that apply

☐ Contingent  
☐ Unliquidated  
☐ Disputed

Debtor Shields Nursing Centers, Inc.  
Name

Case number (if known) \_\_\_\_\_

**2.8 First Corporate Solutions, representative**

Creditor's Name

**914 S. Street  
Sacramento, CA 95811**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

**12/27/2022**

Last 4 digits of account number

**5418**

Do multiple creditors have an interest in the same property?

☒ No

☐ Yes. Specify each creditor, including this creditor and its relative priority.

Describe debtor's property that is subject to a lien

**Debtor's assets**

Unknown

\$0.00

Describe the lien

**UCC Financing Statement**

Is the creditor an insider or related party?

☒ No

☐ Yes

Is anyone else liable on this claim?

☒ No

☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:

Check all that apply

☒ Contingent

☒ Unliquidated

☒ Disputed

**2.9 Internal Revenue Service**

Creditor's Name

**P O Box 7346  
Philadelphia, PA  
19101-7346**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

**6/13/2019**

Last 4 digits of account number

**7295**

Do multiple creditors have an interest in the same property?

☒ No

☐ Yes. Specify each creditor, including this creditor and its relative priority.

Describe debtor's property that is subject to a lien

**Debtor's assets**

\$95,794.32

\$0.00

Describe the lien

**Notice of Federal Tax Lien for 4th Q of 2018**

Is the creditor an insider or related party?

☒ No

☐ Yes

Is anyone else liable on this claim?

☒ No

☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:

Check all that apply

☐ Contingent

☐ Unliquidated

☐ Disputed

**2.10 Internal Revenue Service**

Creditor's Name

**P O Box 7346  
Philadelphia, PA  
19101-7346**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

**8/22/2018**

Last 4 digits of account number

**5811**

Do multiple creditors have an interest in the same property?

Describe debtor's property that is subject to a lien

**Debtor's assets**

\$851,339.40

\$0.00

Describe the lien

**Notice of Federal Tax Lien for 2012 - 2016**

Is the creditor an insider or related party?

☒ No

☐ Yes

Is anyone else liable on this claim?

☒ No

☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:

Check all that apply

Debtor **Shields Nursing Centers, Inc.**  
Name

Case number (if known) \_\_\_\_\_

☒ No  
☐ Yes. Specify each creditor,  
including this creditor and its relative  
priority.

☐ Contingent  
☐ Unliquidated  
☐ Disputed

**2.1**  
**1 Internal Revenue Service**

Creditor's Name  
**P O Box 7346**  
**Philadelphia, PA**  
**19101-7346**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred  
**8/22/2018**  
Last 4 digits of account number  
**6064**

Do multiple creditors have an  
interest in the same property?  
☒ No  
☐ Yes. Specify each creditor,  
including this creditor and its relative  
priority.

Describe debtor's property that is subject to a lien  
**Debtor's assets**

**\$1,882,355.99**

**\$0.00**

Describe the lien  
**Notice of Federal Tax Lien for 2011 - 2017**  
Is the creditor an insider or related party?

☒ No  
☐ Yes  
Is anyone else liable on this claim?  
☒ No  
☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:  
Check all that apply  
☐ Contingent  
☐ Unliquidated  
☐ Disputed

**2.1**  
**2 Internal Revenue Service**

Creditor's Name  
**P O Box 7346**  
**Philadelphia, PA**  
**19101-7346**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred  
**12/17/2018**  
Last 4 digits of account number  
**0360**

Do multiple creditors have an  
interest in the same property?  
☒ No  
☐ Yes. Specify each creditor,  
including this creditor and its relative  
priority.

Describe debtor's property that is subject to a lien  
**Debtor's assets**

**\$181,502.16**

**\$0.00**

Describe the lien  
**Notice of Federal Tax Lien for 3/31/2018**  
Is the creditor an insider or related party?

☒ No  
☐ Yes  
Is anyone else liable on this claim?  
☒ No  
☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:  
Check all that apply  
☐ Contingent  
☐ Unliquidated  
☐ Disputed

**2.1**  
**3 Leaf Capital Funding, LLC**

Creditor's Name  
**2005 Market Street, 14th Fl**  
**Philadelphia, PA 19103**

Creditor's mailing address

Describe debtor's property that is subject to a lien  
**Leased Entertain360 Equipment for El Cerrito**  
**location, including all parts, accessories, and**  
**attachment thereto.**

**\$33,212.39**

**\$0.00 (leased)**

Describe the lien  
**Equipment Lease for El Cerrito /**  
**UCC Financing**  
Is the creditor an insider or related party?

☒ No

Debtor **Shields Nursing Centers, Inc.**

Case number (if known) \_\_\_\_\_

Name

Creditor's email address, if known

Date debt was incurred

**December 22, 2022**

Last 4 digits of account number

**6730**

Do multiple creditors have an interest in the same property?

☒ No

☐ Yes. Specify each creditor, including this creditor and its relative priority.

☐ Yes

Is anyone else liable on this claim?

☒ No

☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:

Check all that apply

☐ Contingent

☐ Unliquidated

☐ Disputed

2.1  
4

**Leaf Capital Funding, LLC**

Creditor's Name

**2005 Market Street, 14th Fl  
Philadelphia, PA 19103**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

**3/23/2023; UCC recorded  
3/31/2023**

Last 4 digits of account number

**8332**

Do multiple creditors have an interest in the same property?

☒ No

☐ Yes. Specify each creditor, including this creditor and its relative priority.

Describe debtor's property that is subject to a lien

**Leased Entertain360 for Richmond location,  
including all parts, accessories, and  
attachment thereto.**

**\$40,305.31**

**\$0.00 (leased)**

Describe the lien

**Equipment Lease for Richmond**

Is the creditor an insider or related party?

☒ No

☐ Yes

Is anyone else liable on this claim?

☒ No

☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:

Check all that apply

☐ Contingent

☐ Unliquidated

☐ Disputed

2.1  
5

**U.S. Small Business  
Administration**

Creditor's Name

**El Paso Loan Service  
Center  
10737 Gateway West, Ste.  
300, El Paso, TX 79935**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

**5/23/2020**

Last 4 digits of account number

**8008**

Do multiple creditors have an interest in the same property?

☒ No

☐ Yes. Specify each creditor, including this creditor and its relative priority.

Describe debtor's property that is subject to a lien

**Debtor's assets**

**\$2,000,000.00**

**\$0.00**

Describe the lien

**EIDL Loan**

Is the creditor an insider or related party?

☒ No

☐ Yes

Is anyone else liable on this claim?

☐ No

☒ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:

Check all that apply

☐ Contingent

☐ Unliquidated

☐ Disputed

Debtor **Shields Nursing Centers, Inc.**  
Name

Case number (if known) \_\_\_\_\_

**2.1**  
**6** **UFS West LLC**  
Creditor's Name  
**1915 Hollywood Blvd.,**  
**Suite 200A**  
**Hollywood, FL 33020**  
Creditor's mailing address

Describe debtor's property that is subject to a lien  
**Debtor's assets**

**\$200,000.00** **\$0.00**

Describe the lien

**UCC Financing Statement**

Is the creditor an insider or related party?

☒ No

☐ Yes

Is anyone else liable on this claim?

☐ No

☒ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

Creditor's email address, if known

Date debt was incurred

**5/2/2023**

Last 4 digits of account number

**1531**

Do multiple creditors have an interest in the same property?

☒ No

☐ Yes. Specify each creditor, including this creditor and its relative priority.

As of the petition filing date, the claim is:

Check all that apply

☐ Contingent

☒ Unliquidated

☒ Disputed

3. Total of the dollar amounts from Part 1, Column A, including the amounts from the Additional Page, if any.

**\$5,843,546.1**  
**1**

**Part 2: List Others to Be Notified for a Debt Already Listed in Part 1**

List in alphabetical order any others who must be notified for a debt already listed in Part 1. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for secured creditors.

If no others need to be notified for the debts listed in Part 1, do not fill out or submit this page. If additional pages are needed, copy this page.

Name and address

On which line in Part 1 did you enter the related creditor?

Last 4 digits of account number for this entity

**CESC - Covid EIDL Service Center**  
**14925 Kingsport Rd.**  
**Fort Worth, TX 76155**

Line **2.15**

**U.S. Small Business Administration**  
**Attn: District Counsel**  
**455 Market Street, Suite 600**  
**San Francisco, CA 94105**

**CIT Bank, N.A., a Division of**  
**First-Citizens Bank & Trust Company**  
**10201 Centurion Pkwy N., #100**  
**Jacksonville, FL 32256**

Line **2.6**

**Internal Revenue Service**  
**PO Box 145595**  
**Stop 8420G**  
**Cincinnati, OH 45250-5585**

Line **2.9**

**Leaf Capital Funding, LLC**  
**1720A Crete Street**  
**Moberly, MO 65270**

Line **2.13**

**Lien Solutions**  
**PO Box 29071**  
**Glendale, CA 91209-9071**

Line **2.2**

Debtor Shields Nursing Centers, Inc.  
Name

Case number (if known) \_\_\_\_\_

RF Technologies  
3125 N 126th Street  
Brookfield, WI 53005

Line 2.6

Sentrics  
1720A Crete Street  
Moberly, MO 65270

Line 2.13



## **EXHIBIT-4**

MICHAEL JAY BERGER (State Bar # 100291)  
LAW OFFICES OF MICHAEL JAY BERGER  
9454 Wilshire Boulevard, 6<sup>th</sup> Floor  
Beverly Hills, California 90212  
T: (310) 271.6223  
F: (310) 271.9805  
E: Michael.Berger@bankruptcypower.com

Proposed Counsel for Debtor-in-Possession  
Shields Nursing Centers, Inc.

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION

In re:

Shields Nursing Centers, Inc.,

Debtor-in-Possession.

CASE NO.: 23-bk-41201 CN11

Chapter 11

**[PROPOSED] INTERIM ORDER ON  
DEBTOR'S EMERGENCY MOTION  
PURSUANT TO SECTION 363(c) OF  
THE BANKRUPTCY CODE AND  
RULE 4001(b) OF THE FEDERAL  
RULES OF BANKRUPTCY  
PROCEDURE FOR ORDER  
AUTHORIZING USE OF CASH  
COLLATERAL**

Date: September 25, 2023

Time: 2:00 p.m.

Place: U.S. Bankruptcy Court

Courtroom 215

1300 Clay Street

Oakland, CA 94612

1 The "Debtor's Emergency Motion Pursuant To Section 363(c) of The Bankruptcy  
2 Code And Rule 4001(b) of The Federal Rules Of Bankruptcy Procedure For Interim  
3 Order Authorizing Use of Cash Collateral" (the "Cash Collateral Motion") filed by  
4 Shields Nursing Centers, Inc., the debtor and debtor in possession in the above-captioned  
5 bankruptcy case (the "Debtor") came on for hearing on an expedited basis on September  
6 25, 2023 at 2:00 p.m., before the Honorable Charles Novack, United States Bankruptcy  
7 Judge, in his Courtroom at 1300 Clay Street Oakland, California. Debtor sought  
8 authorization to use the cash collateral of the secured creditors identified in the Cash  
9 Collateral Motion on an interim basis. In support of the Cash Collateral Motion, Debtor  
10 submitted the Declaration of William M. Shields Jr., and supporting documents.  
11 Appearances at the hearing are reflected on the record.

12 Based upon the representations of counsel made at the hearing, the facts and  
13 circumstances of this matter, the contents of the Cash Collateral Motion and good cause  
14 appearing,  
15

16 IT IS HEREBY ORDERED as follows:

- 17 1. The Cash Collateral Motion is granted on an interim basis through  
18 \_\_\_\_\_, 2023.
- 19 2. The Debtor is authorized to use the secured creditors' cash collateral to make  
20 the payments set forth in the budget attached to the Cash Collateral Motion as  
21 Exhibit-1.
- 22 3. The secured creditors' liens that existed against the cash collateral on the  
23 petition date will attach to the receivables that the Debtor collects between  
24 petition date and \_\_\_\_\_, 2023.
- 25 4. A final hearing on the Cash Collateral Motion is scheduled for \_\_\_\_\_  
26 \_\_\_\_\_, 2023 at :00 a.m./p.m. in Courtroom 215 of the above-captioned  
27 courthouse. Debtor shall serve by \_\_\_\_\_, 2023 the notice of final  
28

1 hearing on the Cash Collateral Motion on all secured creditors and 20 largest  
2 general unsecured creditors. Any opposition to the Cash Collateral Motion  
3 must be filed and served by \_\_\_\_\_, 2023.  
4  
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6 \*\*\*END OF ORDER\*\*\*  
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## COURT SERVICE LIST

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## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
9454 Wilshire Blvd., 6<sup>th</sup> Fl., Beverly Hills, CA 90212

A true and correct copy of the foregoing document entitled (*specify*): **DEBTOR'S (1) EMERGENCY MOTION PURSUANT TO SECTION 363(c) OF THE BANKRUPTCY CODE AND RULE 4001(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE FOR ORDER AUTHORIZING USE OF CASH COLLATERAL** will be served or was served (**a**) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (**b**) in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) 9/21/2023, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Michael Jay Berger** michael.berger@bankruptcypower.com,  
michael.berger@ecf.courtdrive.com
- **Trevor Ross Fehr** trevor.fehr@usdoj.gov
- **Office of the U.S. Trustee/Oak** USTPRegion17.OA.ECF@usdoj.gov

☐ Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On \_\_\_\_\_, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) 9/21/2023, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Honorable Charles Novack  
1300 Clay Street, Courtroom 215  
Oakland, CA 94612

☒ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

9/21/2023  
Date

Yathida Nipha  
Printed Name

/s/Yathida Nipha  
Signature

---

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

**SERVED BY EMAIL:**

U.S. Trustee  
Attn: Trevor Ross Fehr, Esq.  
[trevor.fehr@usdoj.gov](mailto:trevor.fehr@usdoj.gov)  
(408) 535-5525

**SECURED CREDITORS:**

BizFund LLC  
Attn: Danny Koshanfar  
[uw@byzfunder.com](mailto:uw@byzfunder.com) [s.robertson@byzfunder.com](mailto:s.robertson@byzfunder.com)  
(888) 958-3781

CT Corporation  
[uccfilingreturn@wolterskluwer.com](mailto:uccfilingreturn@wolterskluwer.com)  
800-331-3282

Dimension Funding LLC  
[sales@dimensionfunding.com](mailto:sales@dimensionfunding.com)  
800-755-0585

EDD  
[CDBankruptcyGroup.Tax@edd.ca.gov](mailto:CDBankruptcyGroup.Tax@edd.ca.gov)  
1-800-300-5616

First Corporate Solutions  
First Corporate Solutions  
[SPRS@FICOSO.COM](mailto:SPRS@FICOSO.COM) 916-558-4988

IRS  
Attn: Aixa Cassim (Assigned IRS Agent)  
[Aixa.cassim@irs.gov](mailto:Aixa.cassim@irs.gov)  
800-973-0424  
Fax 267-466-1015

Leaf Capital Funding  
[info@LEAFnow.com](mailto:info@LEAFnow.com)  
(866) 219-7924

US. SBA  
c/o Anne Manalili, Esq.  
[anne.manalili@sba.gov](mailto:anne.manalili@sba.gov)  
213-634-3875

UFS West LLC  
Sam Drillman  
[sam@mayfairbusinesscapital.com](mailto:sam@mayfairbusinesscapital.com)  
718-775-6393

**20 LARGEST UNSECURED CREDITORS:**

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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.



AMPG Healthcare Solution, Inc,  
jr@firstcallns.com  
(408) 262-1533

BizFund LLC  
Attn: Danny Koshanfar  
uw@byzfunder.com s.robertson@bvzfunder.com  
(888) 958-3781

BlueVine  
Support@bluevine.com.  
888-216-9619

CTI III, LLC  
Attn: Sarah Maculak  
smaculak@ctillc.com  
916-883-8992

Dept. of Health Care Services  
qaf@dhcs.ca.gov  
(916) 650-0583

Dimension Funding, LLC  
sales@dimensionfunding.com  
800-755-0585

Diagnostic Laboratories  
Monique.Montoya@tridentcare.com  
(469) 609-2753 ( 877) 235-0377

El Cerrito Investment  
Romney White  
(510) 525-8897  
rommney@eyringrealty.com

Earleen Miller  
c/o Labor Commissioner Office  
laborcomm.wca.oak@dir.ca.gov  
(510) 622-3273

Graph Insurance Group  
MMensh@graphgroup.com  
(212) 235-1231

IRS  
Attn: Aixa Cassim  
Aixa .cassim@irs.gov  
800-973-0424  
Fax 267-466-1015  
James Prasad

---

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

James Prasad  
[jamesprasad@yahoo.com](mailto:jamesprasad@yahoo.com)  
510-219-8652

Kaiser Foundation Health Plan  
[Esc-largeaeements@kp.org](mailto:Esc-largeaeements@kp.org)  
[kpse-community-benefit@kp.org](mailto:kpse-community-benefit@kp.org)  
(800) 731-4661

McKesson Medical Surgical  
Attn: Jennifer  
(800) 328-8111  
[nms.cft@mckesson.com](mailto:nms.cft@mckesson.com)  
[service.customerfinancing.com](http://service.customerfinancing.com)

Nextaff Group  
[accounting@nextaff.com](mailto:accounting@nextaff.com)  
(913) 562-5610

Pharmerica  
(800) 458-3784  
[billing33183@pharmerica.com](mailto:billing33183@pharmerica.com)

SHIFTMED, LLC  
[billingsupport@shiftmed.com](mailto:billingsupport@shiftmed.com)  
(866) 892-6221

US SBA  
c/o Anne Manalili, Esq.  
[anne.manalili@sba.gov](mailto:anne.manalili@sba.gov)  
213-634-3875

UFS West LLC  
Sam Drillman  
[sam@mayfairbusinesscapital.com](mailto:sam@mayfairbusinesscapital.com)  
718-775-6393

Webfund  
Attn: Shanna Kaminski, Esq.  
[skaminski@kaminskilawpllc.com](mailto:skaminski@kaminskilawpllc.com)  
[legal@uptownfund.com](mailto:legal@uptownfund.com)  
517-294-2101